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## SENATE BILL No. 529

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-4-2; IC 6-3.1-4-6.

**Synopsis:** Research and development tax credits. Extends the expiration date of the research expense tax credit to December 31, 2005. Modifies the research expense tax credit by removing the apportionment limit.

**Effective:** January 1, 2001 (retroactive).

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### Skillman

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January 22, 2001, read first time and referred to Committee on Finance.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## SENATE BILL No. 529

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3.1-4-2 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)]:  
3 Sec. 2. ~~(a)~~ A taxpayer who incurs Indiana qualified research expense  
4 in a particular taxable year is entitled to a research expense tax credit  
5 for the taxable year ~~(b)~~ ~~A taxpayer who does not have income~~  
6 ~~apportioned to this state for a taxable year under IC 6-3-2-2 is entitled~~  
7 ~~to a research expense tax credit for the taxable year~~ in the amount of  
8 the product of:  
9 (1) five percent (5%); multiplied by  
10 (2) the remainder of the taxpayer's Indiana qualified research  
11 expenses for the taxable year, minus:  
12 (A) the taxpayer's base period Indiana qualified research  
13 expenses, for taxable years beginning before January 1, 1990;  
14 or  
15 (B) the taxpayer's base amount, for taxable years beginning  
16 after December 31, 1989.  
17 ~~(c)~~ ~~A taxpayer who has income apportioned to this state for a~~



taxable year under IC 6-3-2-2 is entitled to a research expense tax credit for the taxable year in the amount of the lesser of:

- (1) the amount determined under subsection (b); or
- (2) five percent (5%) multiplied by the remainder of the taxpayer's total qualified research expenses for the taxable year, minus:
  - (A) the taxpayer's base period research expenses, for taxable years beginning before January 1, 1990; or
  - (B) the taxpayer's base amount, for taxable years beginning after December 31, 1989;

further multiplied by the percentage determined under IC 6-3-2-2 for the apportionment of the taxpayer's income for the taxable year to this state.

SECTION 2. IC 6-3.1-4-6, AS AMENDED BY P.L.4-2000, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)]: Sec. 6. Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for Indiana qualified research expense incurred after December 31, ~~2002~~ **2005**. Notwithstanding Section 41 of the Internal Revenue Code, the termination date in Section 41(h) of the Internal Revenue Code does not apply to a taxpayer who is eligible for the credit under this chapter for the taxable year in which the Indiana qualified research expense is incurred.

SECTION 3. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)] **IC 6-3.1-4-2, as amended by this act, applies to taxable years beginning after December 31, 2000.**

SECTION 4. **An emergency is declared for this act.**

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